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Missouri Public Service Commission

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ROBERT J. QUINN, JR.
Executive Director
WESS A. HENDERSON
Director, Utility Operations
ROBERT SCHALLENBERG
Director, Utility Services
DONNA M. PRENGER
Director, Administration
DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge
DANA K. JOYCE
General Counsel

The Honorable Bob Holden
Governor
State Capitol Building

Governor Holden:

The Missouri Public Service Commission met new and exciting challenges during the past fiscal year with a great deal of interest and energy as it began the 21st century. The Commission has faced complex issues that forced it to look outside of the typical regulatory box in trying to adjust to the ever-changing regulatory environment. While change is almost certain, its mission remains the same. Decisions made at the Missouri Public Service Commission must ensure that our Missouri utility consumers have safe, adequate, efficient and affordable services while allowing those utility companies under our jurisdiction an opportunity to earn a reasonable return on their investment and remain financially secure. The Commission and Staff are dedicated to fulfilling these public interest goals.

The PSC Staff is to be commended for its work in a major complaint case involving the state's largest electric company. Through their work, all parties in the AmerenUE complaint case were able to reach an agreement which brings rate reductions to customers, customer-assistance programs funded by AmerenUE's shareholders and a commitment regarding infrastructure investment in Missouri. This agreement was truly a win-win for all parties. Included in that agreement is a rate moratorium that provides rate stability to AmerenUE customers as well as to the utility.

The Commission continues to carefully monitor natural gas pricing in Missouri. While it has no control over the prices set by wholesale suppliers of natural gas, the Commission has implemented several recommendations offered by a Natural Gas Commodity Price Task Force which are designed to bring rate stability to customers. A number of those recommendations also have the support of the Governor's Energy Task Force. The Commission continues to strongly encourage Congress to increase federal funding through the Low-Income Energy Assistance Program to help needy Missourians stay warm during the winter. In addition, the Commission has approved agreements in rate cases that establish experimental low-income programs designed to help natural gas and electric customers with their bills. Such an experimental program exists for Missouri Gas Energy and Empire District Electric Company customers in the Joplin area.

The Commission also continues to closely monitor and encourage competition in various telecommunications markets in Missouri and works to ensure that Missouri consumers receive safe and adequate water service in the State. In recent months, the Commission has been active in its comments on a new Federal Energy Regulatory Commission (FERC) initiative for a Standard Market Design that provides a national framework for the investment in and operation of the country's electric transmission infrastructure and operation of the wholesale electric power market.

I hope that you will find our report to be informative. I am pleased to submit it to you in order that you can see, in more detail, the Commission's work for the 2002 fiscal year.

Sincerely,

A handwritten signature in cursive script that reads "Kelvin L. Simmons".
Kelvin L. Simmons

Informed Consumers, Quality Utility Services, and a Dedicated Organization for Missourians in the 21st Century